





The Ultra-Fast Dedicated Internet Connection For Your Home!

Order New and get

Verizon Onlineosa

High-speed Internet access so fast it will revolutionize the way you use the Web.



With our self-installation kit, there's no need to wait for a technician to come to your home"

EASY TO ORDER

Buy it your way-online, over the phone, or through retail stores.

FLEXIBLE

Allows you to talk on the phone and use the Internet simultaneously on the same linet

is the POWER available to your home?

Enter your phone number below to check availability.



Please note: This process may take a few minutes -- please be patient.

**Self-installation not available in all circumstances.

If you would like to speak to a Verizon representative about Verizon Online DSL, please call 1-877-463-6300.

DSL Service generally available where Verizon provides local exchange service. DSL not available in all locations and is subject to circuit availability









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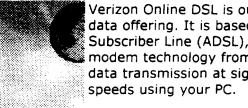
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What is Verizon Online DSL?



Verizon Online DSL is our latest high-speed data offering. It is based on Asymmetric Digital Subscriber Line (ADSL), a new super-fast modem technology from Verizon that provides data transmission at significantly higher

Verizon Online DSL service expands the power of your existing lines, providing an ultra-fast, dedicated link from your home to the Verizon Central Office. With Verizon Online DSL, a single phone line becomes a true multi-tasking tool, allowing you to surf the Internet while talking on the phone or sending a fax at the same time.

Verizon Online DSL can best be described as follows:



You can connect to the Verizon network at super fast speeds. Your actual speed will vary.

You don't slow down when your neighbors log on, as with cable modems.

- that works on your existing phone line... You can talk and surf simultaneously. There's no need to use a second line to access the Internet. Plus, there's no dialing in, no busy signals.
- can be installed yourself... With our convenient self-installation kit, you can choose to install Verizon Online DSL yourself or have a Verizon technician perform your installation. (The selfinstall option is not available for all installations.)
- and you can order it three convenient Order online, by phone, or through a retail store -- it's your choice.

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Verizon Online DSL Pricing

Verizon Online DSL Enhanced brings you the power of the Internet as never before. For only **\$49.95 per month,** you'll get super-fast speeds, along with these features:

- Internet access provided by Verizon Online
- 4 email accounts
- Up to 10 MB of personal Web space
- Online help
- 24/7 live technical support
- 30-day money-back guarantee
- Free Activation

For an even faster connection, with all of the features above, choose from:

Package	Maximum Connection Speed	Monthly Rates
Advanced	Up to 1.5M / 128K	\$59.95/month
Premium	Up to 384K / 384K	\$69.95/month
Professional	Up to 1.5M / 384K	\$79.95/month

Order Now and get



All of the above Verizon Online DSL packages include a 30-day **money-back guarantee**. Should you choose to discontinue the service, we'll refund the first month's charge and the cost of any equipment you purchased from Verizon Online (if you've been billed for it).

One-time Installation Charges		
DSL Modem	\$50	
Self-Installation (available for most households)	FREE	
Activation	FREE	
Shipping and Handling	FREE	
Applicable Taxes	VARY	

Sign up online and get a free PC Camera.**

Offer by Verizon Online DSL. Only available to Verizon local telephone customers. Annual contract required. Cancellation of service prior to registration or during the first 30 days requires return of modem and promotional equipment or additional \$125 modem fee will apply. Offer valid through 8/31/01. Service not available to all areas. Modem savings based on annual contract. Laptop users and some desktop users may need to purchase an Ethernet card. Actual speeds will vary. Throughput speeds will be lower than connection speeds. Due to the sophisticated

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nature of DSL, Verizon Online cannot guarantee uninterrupted or error-free service. Verizon reserves the right to revoke or amend this offer without notice. Modem provided is a new or fully inspected, tested and warranted return unit. Offer for residential customers only. Installation charges may apply. Early cancellation of contract requires return of PC camera and DSL modem, or additional charges may apply.

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Order Verizon Online DSL Your Way

Verizon Online strives to make DSL as easy to buy as it is to use. That's why we offer three simple ways to order: <u>online</u>, <u>on the phone</u>, or <u>through retail stores</u>.

Order Online

Special Offer

Sign up today and get Free Activation, your first month free and DSL Modem for only \$50 - a \$150 savings. Plus when you order online you'll receive a free PC Camera. Hurry! Offer expires 8/31/01.

If Verizon Online DSL is available to your home, you can order online, anytime. Day or night, from work or from home, the online ordering system lets you select the Verizon Online DSL package that is best for you and order everything you need to set up your Verizon Online DSL.

To order Verizon Online DSL including Verizon Online now, enter your phone number below to see if super high-speed Internet access is available to your home.



Call to Order

If you prefer to speak to a Verizon representative, please call us toll-free at **1-877-525-2DSL**.

We'll help you find out if Verizon Online DSL is available to your home, and provide everything you need to get started.

When you order by phone you have the option to order Verizon Online DSL which includes Internet access provided by Verizon Online or you can order DSL and choose to get your Internet access from one of Verizon's participating ISPs. For a complete list, click here.

Offer by Verizon Online DSL. Only available to Verizon local telephone customers. Annual contract required. Cancellation of service prior to registration or during the first 30 days requires return of modem and promotional equipment or additional \$125 modem fee will apply. Offer valid through 8/31/01. Service not available to all areas. Modem savings based on annual contract. Laptop users and some desktop users may need to purchase an Ethernet card. Actual speeds will vary.

http://www.bellatlantic.com/infospeed/more_info/buying.html

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Verizon DSL Participating ISPs

If you purchase DSL through one of the following participating ISPs, your Verizon DSL charge will be:

Up to 640Kbps*	\$39.95/month
Up to 1.6Mbps*	\$59.95/month
Up to 7.1Mbps*	\$109.95/month

*Your actual speed will be lower due to various network factors. For more information about speed, <u>click here</u>.

Your ISP charges will be additional. One-time service connection charge of \$99.00 will apply. If you purchase your DSL modem through Verizon, the charge will be \$325.00.

ISP	Areas Served	Phone Number	Monthly Prices (in addition to DSL charges above)	Special Promotions
Atlantech	DC Metro	Atlantech: 301-589- 3060 BA: 877- 305-9390	640K: \$19 1.6M: \$45 7.1M: \$75 Business and Optional Services	Please contact Atlantech about any promotional offers that may be available.
			available.	
City Net, Inc.	Pittsburgh	412-481- 5406	640K: \$10 1.6M: \$40 7.1M: \$80	Please call us for the latest ADSL promotions, including free installation
DSLNOW A service of NEOCOM	DC Metro	540-NET- CALL 800-766-	640K: \$20 1.6M: N/A 7.1M: N/A	Sign up for one year of 640K service for \$99.
		6861	Various options available.	Business packages include FREE commercial web hosting.
Imaginex Digital Architects / IGX Global	New Jersey	1-888- 393-4IGX 201-498- 0555 x2260	Call for pricing and availability	Static IPs, Security, DNS, Web Hosting and more. Leading edge access and connectivity solutions for business only.
Internet Channel	New York City, North Jersey	877-DSL- 4-NYC	640K: \$10 1.6M: \$40 7.1M: \$80	Special discounts for new customers are available on installation and monthly service charges.
<u>DCANet</u>	Philadelphia	800-784- 4788	640K: \$10 1.6M: \$40 7.1M: \$80	Please contact DCANet about any promotional offers that may be available.
Executive DSL	DC Metro	301-654- 4569	640K: \$50	Promotions: We provide a permanent IP address, E- mail hosting, and a firewall as part of the

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service. We will support multiple machines through the same connection and host your domain name.

<u>Lan2Wan</u>	DC Metro	800-242- 0739	640K: \$18 1.6M: \$44 7.1M: \$74	Please contact Lan2Wan about any promotional offers that may be available.
<u>NetCarrier</u>	Southeastern Pennsylvania (area codes 215, 610, 484, 267), Southern New Jersey (area codes 609,856), Delaware (area code 302)	888-575- 4754	Personal Packages 640K: \$20.00 1.6M: \$50.00 7.1M: \$90.00	Call to find out about our current promotional offerings. Commercial ADSL packages also availabile.
<u>NetReach</u>	Philadelphia	610-520- 2880	640K: \$20 1.6M: Coming Soon 7.1M: Coming Soon Various options available.	Please contact NetReach about any promotional offers that may be available.
<u>Potomac</u> <u>Networks</u>	DC Metro	703-912- 5524	640K: \$9 1.6M: \$35 7.1M: \$75	Call for special start-up packages.
<u>SNIP</u>	Philadelphia Metro, South Jersey	888-SNIP- 600	640K: \$12.95 1.6M: \$41.66 7.1M: \$83.33	Sign up for 12 months of SNIP Internet Access by Dec. 31, 1999 and get a DSL modern for only \$99 (regular price \$325).
Stargate Industries	Pittsburgh	888-414- 4135	640K: \$10 1.6M: \$40 7.1M: \$80	Give Stargate a call to hear about our most recent promotional offers or contact us at adsl@stargate.net
Telerama	Pittsburgh	877-688- 3200	640K: \$25	Call Telerama or email adsl@telerama.com to find out about current ADSL promotions.

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Frequently Asked Questions

Product Overview

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- Is my high-speed DSL connection secure?
- What comes packaged with my Verizon Online DSL account?
- What is ADSL?
- Why is ADSL called asymmetric?

DSL and my phone

- Will my current phone features work with DSL?
- Does DSL require installing an additional phone line?
- Can I move my DSL service to multiple jack locations within my home?
- If my DSL modem fails or loses power, do I lose phone service?

Install and set-up

- How do I know when the DSL feature will be activated on my phone line?
- What comes in the self-installation kit?
- Can I hook up more than one computer?

Compatibility

- Can I use any DSL modem with my Verizon Online DSL service?
- Does Verizon Online support Macintosh?
- Can I connect to AOL Content?
- Can I use my Microsoft Internet Explorer browser?

Availability

- Does Verizon sell/offer DSL in retail stores?
- Why can't I get the service? My neighbor has it.
- What if I sign up and move?

Billing/Pricing

- What happens if I don't like it?
- Are Verizon Online DSL charges in addition to my

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current monthly phone bill charges?

• I get a free month for ordering online. When does the 30 Days free begin?

Advanced Features

- Can I host a Web page?
- Can I register a domain name for my Web page?
- Can I request a Static IP address for my Verizon Online service?

Product overview

How does DSL compare to cable modems?

Cable modems offer service over a shared cable. Tens, and possibly hundreds, of users may be connected to this local cable line. Because the available bandwidth is finite, access speed is compromised as more users acces a cable data network. The capacity available to any one user inevitably drops. DSL technology provides a dedicated service over an existing local connection to the Verizon serving office near you. This means that you don't have to share your local access connection with other users.

Is my high-speed DSL connection secure?

From a security perspective, DSL (and cable modem) networks are not very different from analog modem-based dial-up networks. They connect users to ISPs and the Internet using IP as their network protocol. However, DSL and cable modems are more attractive than dialup connections to hackers for the same reasons that make them more attractive to users. The ease of connection and available bandwidth of these networks result in users often staying online much longer, making them more vulnerable to attack attempts. Fortunately, there are precautions you can take to improve the security of your DSL connection. Click here for more information.

What comes packaged with my Verizon Online DSL account?

Verizon Online DSL comes with up to 10 MB personal Web space, up to 4 email accounts, 10MB of email storage space, 24x7 technical support, and a Verizon custom start page.

What is ADSL?

ADSL stands for Asymmetric Digital Subscriber Line. It provides high-speed digital modem technology via a single telephone line.

Why is ADSL called asymmetric?

The downstream data transmission speed (Internet to home) is higher because users typically download significantly more information then they upload or send out.

DSL and my phone

Will my current phone features work with DSL?

Adding Verizon Online DSL to your phone line won't affect your other services -- all existing services and features remain on your phone line. DSL won't affect Caller ID, voice mail, call waiting, or other advanced calling features.

Does DSL require installing an additional phone line?

No. ADSL technology utilizes varying frequency spectrums,
0-4 kHz for POTS (Plain Old Telephone Service) and 100 kHz
- 2.2Mhz for data transmission. This allows simultaneous analog voice or fax and DSL data transmission over the same telephone line. You still use your phone as you do now.

Can I move my DSL service to multiple jack locations within my home?

Yes, with the "splitterless" installation configuration you can place specially designed microfilters at every jack location where your DSL modem is not plugged in to keep the DSL signal traveling to a selected jack location in your home. You can move the DSL service from room to room by moving the filters. Please note that all self-installations (including installations for all orders placed online) are splitterless. When you order Verizon Online DSL, we will tell you if your installation is splitterless.

If my DSL modem fails or loses power, do I lose phone service?

No. The ADSL modem is designed so that your normal telephone service will operate even if the modem is unplugged or otherwise disabled.

Installation and set-up

How do I know when the DSL feature will be activated on my phone line?

The acknowledgement email you receive will confirm your estimated connection date. Please do not begin your installation until after 6PM on the connection date as identified in your acknowledgement email. Your service will not work until that time.

What comes in the self-installation kit?

The self-installation kit includes a DSL modem, a User Guide with instructions, a Verizon Online DSL CD-ROM to set up your account, and 5 Microfilters, as well as a phone cord to connect your modem to the wall jack.

Can I hook up more than one computer?

Yes, you can connect as many computers as you like, but the bandwidth will be shared among all of the active connections. Also, Verizon Online does not provide technical

support for networks. If you choose to set up a network, you need to have the appropriate network systems in place.

Compatibility

Can I use any DSL modem with my Verizon Online DSL service?

No, at this time you need to use a modem that is compatible with Verizon Online DSL. If you want to use a modem from a source other than Verizon, please check with Verizon first to determine compatibility. Verizon Online DSL currently supports these modems:

- Efficient Networks SpeedStream 3060 Internal DSL Modem
- Efficient Networks SpeedStream 4060 USB Modem
- Westell DMT ADSL External Modem
- 3COM HomeConnect ADSL Modem PCI
- IBM NetVista A20i 2276 Series PC with the Texas Instruments DSP-based ADSL Modem

Does Verizon Online support Macintosh?

Verizon Online supports Macintosh and Macintosh-compatible computers, including the iMac.

Verizon Online DSL is available to customers with Macintosh and Macintosh-compatible computers using PowerPC technology (that have MacOS 7.5.5 through 9.0 and an Ethernet card). Note: The 3Com and Verizon Online ADSL Home Connection Kit is not compatible with Macintosh.

Can I connect to AOL Content?

Yes, America Online offers a special TCP/IP account for customers who already have high-speed Internet access (ISDN, DSL, etc.). This allows you to use your Verizon Online DSL Internet Service to access AOL content.

Can I use my Microsoft Internet Explorer® browser?

Yes; however, Verizon technical support is limited to providing basic configuration information on Internet Explorer 3.0 or later and Netscape Navigator® 3.0 or later. Earlier versions are not supported.

Availability

Does Verizon sell/offer DSL in retail stores?

Yes. 3Com and Verizon Online have joined forces to bring the ADSL Home Connection Kit to select Best Buy®, CompUSA® and Staples® Stores. The kit provides all the hardware, software and information you need to install and connect to Verizon Online DSL service. Many stores are equipped with a "live" Verizon Online DSL kiosk display that allows you to see the benefits of Verizon Online DSL before you buy.

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Why can't I get the service? My neighbor has it.

DSL is a distance-sensitive technology that works solely over copper phone lines. Currently, Verizon Online DSL is only available to customers residing within 2.5 "wire-run" miles (12-15 thousand feet) from their local Verizon serving office. In addition, customers must be served over copper wires. Other technologies have been introduced into the Verizon network (such as fiber-based facilities) which provide great network efficiency, but are currently incompatible with DSL.

Manufacturers today are working to enable their equipment to overcome the limitations and make DSL more widely available. So, while you may not qualify for the service today, it is possible that you could be able to receive it in the future as the technology improves.

What if I sign up and move?

In order to transfer your DSL service to another address, you will need to make sure that Verizon Online DSL service is available to your new home. If the new address qualifies a \$35 service connection fee will apply to reconnect the service at the new address.

Billing/Pricing

What happens if I don't like it?

To ensure that you are satisfied with your purchase of Verizon Online DSL, Verizon is offering a 30-day money back guarantee. If for any reason, you decide not to keep the service, simply contact Verizon within thirty days of your Verizon Online DSL registration and we'll refund all Verizon one-time and first month charges! You will need to return the DSL modem to Verizon or equipment charges may apply.

Are Verizon Online DSL charges in addition to my current monthly phone bill charges?

Yes, Verizon Online DSL monthly recurring charges are in addition to your monthly telephone service charges from Verizon.

I get a free month of Verizon Online DSL for ordering online. When does the 30 Days free begin?

The 30 day free period begins when you actually register for your Verizon Online account. It does not start when you first place your order for DSL service.

Advanced Features

Can I host a Web page?

Included in most Verizon Online DSL packages is 10MB of personal Web space for hosting Web pages. If you require more space, it is available for a monthly fee. Please contact Verizon at 1-800-252-8444 about Web hosting products.

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Can I register a domain name for my Web page?

No. Because Verizon has a dynamic IP allocation scheme, we do not currently support this function.

Can I request a Static IP address for my Verizon Online service?

Currently, we use a dynamic IP allocation. We will be offering optional static IP addresses sometime in the future for an additional charge.

Internet Explorer $^{\textcircled{\$}}$ is a registered trademark of Microsoft Corporation. Netscape Navigator $^{\textcircled{\$}}$ is a registered trademark of Netscape Communications Corporation.

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Verizon Communications Posts Strong First Quarter Earnings

Apr 24, 2001

Adjusted EPS of 72 Cents at High End of Target Range; Sustained Demand for Data, Long-Distance, Wireless Services

FIRST QUARTER HIGHLIGHTS

- · 180,000 new DSL (digital subscriber line) customers for total of 720,000
- · 500,000 new long-distance customers, 5.2 million nationwide
- \$2 billion-plus Massachusetts long-distance market opened
- \$1 billion reduction in 2001 capital program
- 27 million U.S. wireless customers, with largest digital customer base in U.S.
- 28 percent data revenue growth over first quarter 2000
- · 59 percent growth in data circuits as measured in access line equivalents (ALEs); total ALEs in service grow 20 percent to 112 million
- · 41 percent growth in proportionate international wireless customers to 8.3 million
- · Global Solutions begins operating high-speed international network

Verizon Communications Inc. today announced adjusted diluted earnings per share (EPS) for first quarter 2001 of 7 cents on net income of \$2.0 billion, a 4.3 percent increase from 69 cents, or \$1.9 billion, in first quarter 2000. The results were at the top of the company's target range for the quarter of 70-72 cents. Reported results are described below.

Consolidated revenues for the quarter grew 16.9 percent, to \$16.3 billion from \$13.9 billion in first quarter 2000, with more than 40 percent, or approximately \$6.6 billion, generated from high-growth data, wireless, long-distance, DSL a international services. Verizon's U.S. Telecom business grew revenues to \$10.9 billion, up 2.9 percent, while operation in the nation's most competitive markets.

First quarter 2000 revenues do not include the properties of Vodafone Group Plc that became part of Verizon Wirele in April 2000. In a pro forma comparison including those properties, revenues increased 7.0 percent from \$15.2 billio

"Verizon delivered excellent results in a period of industry-wide transition and economic uncertainty," said Verizon Chairman and Co-CEO Charles R. Lee.

"We saw healthy unit volumes, especially for our new services, and revenues grew at the levels we expected. With improvements in DSL provisioning, the expansion of our long-distance offering to new states and the start-up of our global network, we made significant progress in developing the assets, building the customer bases and moving tow the revenue mix on which we will drive long-term growth.

"We're off to a good start for the full year, and we continue to target full-year EPS in the \$3.13-\$3.17 range," Lee sai

Verizon President and Co-CEO Ivan Seidenberg said, "Like all companies, we are closely monitoring the economy, b what we see at this time indicates we can hit our target for full-year revenue growth. We continue to experience stron demand for DSL, data circuits and wireless services, and we will start selling long distance in Massachusetts this Thursday.

"On the expense side, we continue to integrate operations, systems and processes and realize the synergies of the Atlantic-GTE merger. As the year-over-year decrease in our Telecom Group's cash expenses demonstrates, we've made a strong start this quarter toward our full-year target of \$800 million in merger-related expense savings.

"Regarding capital, current market conditions for communications equipment are favorable, and we have decided to scale back our capital program by \$1 billion to approximately \$17.5 billion. We can hold expenditures at last year's levels and still make the investments necessary to maintain quality and build the businesses of the future."

Consolidated adjusted expenses also exclude the Vodafone properties in first quarter 2000 and show a 17.5 percent increase over first quarter 2000. However, with the Vodafone properties in both periods, expenses increased 4.7 percent. Merger-related expense savings and cost-control measures enabled the company to hold increases in cash expenses on a comparable basis to 2.6 percent at the same time the company continued to invest in high-growth capabilities and services. Verizon's largest business unit, U.S. Telecom, decreased its cash expenses over first quar 2000 by one percent, and its total adjusted expenses increased only 1.6 percent. Excluding costs associated with th DSL and long-distance businesses, Telecom's quarterly expenses would have decreased 0.4 percent, with cash expenses declining 3.6 percent.

Highlights of Operations

DSL:

- · Verizon added DSL lines in the first quarter at the same rate as in fourth quarter 2000, ending the quarter with 180,000 new lines for a total of approximately 720,000 lines in service, nearly five times the number at the end of first quarter 2000.
- · Verizon brought the number of its DSL-equipped central offices to 1,950, increasing the number of lines qualified fo the service at the end of the quarter to nearly 30 million, or 47 percent of the company's access lines. Approximately percent of the households served by Verizon have access to DSL.
- · Verizon Online, the company's Internet service provider, ended the quarter with approximately 950,000 subscribers, 33 percent increase over first quarter 2000.

Data:

- Revenues from data services, including high-capacity, high-speed local transport services, continued their strong growth, increasing 27.6 percent to \$1.7 billion from \$1.3 billion in first quarter 2000.
- · Verizon ended the quarter with data circuits in service equivalent to 49.1 million voice-grade access lines, up 58.7 percent from first quarter 2000. These data circuits combined with 62.9 million voice-grade access lines to give Veriz 112 million total access line equivalents in service at the end of the quarter, 19.8 percent more than at the end of first quarter 2000.

Long-Distance/Bundled Services:

- Verizon Long Distance added approximately 500,000 new customers and ended the quarter as the nation's fourth largest long-distance provider with 5.2 million customers nationwide. These results exclude customers of Verizon Select Services, which is in the process of discontinuing its local and long-distance offerings.
- In February, the company introduced its simple, surprise-free long-distance plans in 36 states and attracted more than 200,000 customers. The company's success in New York also continued, and it ended the quarter with 1.7 milli customers in the state using its long-distance services over 1.9 million lines.
- More than 120,000 of the New York customers added in the quarter came back to Verizon from other carriers for th intraLATA toll calling, increasing the total number of "win-back" customers in New York to nearly 447,000, 37 percent more than at the end of fourth quarter 2000.
- The number of customers combining vertical services such as Caller ID and Home Voice Mail, often with basic telephone service, grew 66 percent over first quarter 2000. Revenues from service packages grew 86 percent and totaled nearly \$260 million.
- On April 16, Verizon received Federal Communications Commission approval to offer long-distance service in Massachusetts, where Verizon serves 4.7 million access lines and the long-distance market is a \$2 billion-plus annu opportunity. Verizon Long Distance will launch service this week. The company filed for FCC approval yesterday for Connecticut and plans to file for Pennsylvania this summer and up to five more states by the end of the year.

Verizon Wireless:

Verizon Wireless comparisons assume that the joint venture existed on Jan. 1, 2000.

- Verizon Wireless ended the first quarter with strong growth and financial performance, despite a one-time adjustme
 to its customer base. Gross customer additions increased 8 percent over first quarter 2000, and penetration of cover
 POPs increased to 13.3 percent.
- Following its April 5th announcement of subscriber results, Verizon Wireless moved aggressively to complete the

- Verizon Communications Posts Strong First Quarter Farmings assessment of its customer base as it consolidates billing platforms and standardizes policies as part of the merger integration process. The recently completed assessment resulted in the removal of approximately 900,000 additional non-revenue-generating accounts. Total customers are now 27.1 million at the end of the quarter compared to the 28 million announced April 5.
 - · As previously announced, net customer additions were 518,000 in the quarter, of which virtually all were digital contract customers. Net adds in the quarter were impacted by billing system reconciliations and would have been approximately 800,000 after adjusting for these and other issues.
 - · As part of its focus on the quality of its customer base, Verizon Wireless accelerated its digital migration and ended the quarter with approximately 16.3 million digital customers more than any other U.S. wireless carrier. These customers generated 85 percent of the company's busy-hour usage. Since first quarter 2000, the number of digital customers has grown approximately 65 percent.
 - The company's financial performance also was strong, with continued accretion in service revenue per subscriber, cash flow and margins, and industry-leading profitability. Service revenues for the quarter increased 19 percent to \$3 billion, with service revenue per subscriber almost 3 percent higher. This was the third consecutive quarter of year-over-year increase in service revenue per subscriber. Total revenues were \$4.0 billion, up 17.3 percent. Quarterly operating income rose 40.4 percent to \$490 million, with operating cash flow increasing 20.3 percent to \$1.4 billion. Operating cash flow margin was 37.8 percent for the quarter, up from 37.4 percent.
 - · Churn for contract customers decreased from fourth quarter 2000 to 2.3 percent, below the industry average. Chur including prepaid customers increased to 2.8 percent from 2.7 percent in fourth quarter 2000.
 - The number of Verizon Wireless data customers grew 33 percent from fourth quarter 2000 to more than one million During the quarter, the company expanded its data offerings to include the nation's first wireless service for the next-quarter phone -- a Web-ready, Palm-powered handset incorporating a personal digital assistant (PDA).

International:

- · Revenues from consolidated international operations grew 15.3 percent over first quarter 2000 to \$527 million. Worldwide demand for wireless services continued to be strong, with consolidated wireless revenue increasing 14.8 percent over last year.
- Equity income from international investments increased 26.2 percent to \$217 million, with international operating ca flow growing 10.9 percent to \$143 million.
- · The number of proportionate international wireless customers served by Verizon investments increased by 2.4 milli to more than 8.3 million, up 41.1 percent over first quarter 2000. Proportionate operating cash flow grew 8.3 percent \$564 million.
- Verizon Global Solutions Inc. (GSI) began operating the first portions of its planned global network during the quart GSI deployed a gateway in New York, a key location for the aggregation of international traffic. GSI will turn on its second switch, located in Los Angeles to serve Latin American and Asian traffic, in the second quarter, and will also begin serving Europe from New York after FLAG Telecom's FLAG Atlantic-1 cable enters commercial service.

Information Services:

- Revenues from Verizon's directory publishing and electronic commerce operations were \$789 million in the first quarter, an increase of 1.3 percent from first quarter 2000. When adjusted to exclude affiliate transactions, revenue growth was 4.1 percent. Revenues from SuperPages.com, Verizon's Internet directory service, doubled over first quarter 2000, as Information Services carried out its strategy to bundle print and online services.
- · Operating income of \$352 million grew 8.0 percent from first quarter 2000 through merger synergies and aggressiv cost containment as well as revenue growth.

Reported Results

Reported first quarter 2001 earnings of 58 cents per share, or \$1.6 billion, increased 5.5 percent from 55 cents, or \$ billion, in first quarter 2000. Reported results reflect the net after-tax effect of gains, charges and other adjustments.

Reported net income for first quarter 2001 reflects after-tax charges totaling \$384 million, or 14 cents per share. The include charges for transition costs related to the Bell Atlantic-GTE merger of \$88 million, or 3 cents per share, and charges resulting from a new accounting principle (FAS 133) that went into effect Jan. 1, 2001, requiring that certain financial instruments be marked to market each quarter and non-cash gains or losses be recorded. Reported results for first quarter 2001 include a mark-to-market adjustment for the quarter of \$114 million, or 4 cents per share, and a separate adjustment for the cumulative effect of the new principle as of January 1, 2001 of \$182 million, or 7 cents p share. Both adjustments relate primarily to the company's convertible debt investment in Metromedia Fiber Network I

Reported net income for first quarter 2000 of \$1.5 billion, or 55 cents per share, reflects net after-tax effect of charge partially offset by adjustments for net gains on asset sales and pension settlement gains, totaling \$397 million, or 14 cents per share. Charges include net losses of Genuity (which was separated from Verizon by FCC order in 2000 through an initial public offering), the cumulative effect of accounting adjustments for revenue recognition, and mark-

Verizon Communications Posts Strong First Ouarter Farnings for notes that are exchangeable into shares of NTL Inc. and Cable & Wireless Pic. This adjustment is a non-cash gain or loss, subject to limitations, depending on the share prices of NTL and Cable & Wireless.

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NOTE: This press release contains statements about expected future events and financial results that are forwardlooking and subject to risks and uncertainties. For those statements, we claim the protection of the safe harbor for forward-looking statements contained in the Private Securities Litigation Reform Act of 1995. The following important factors could affect future results and could cause those results to differ materially from those expressed in the forward-looking statements: materially adverse changes in economic conditions in the markets served by us or by companies in which we have substantial investments; material changes in available technology; an adverse change i the ratings afforded our debt securities by nationally accredited ratings organizations; the final outcome of federal, state, and local regulatory initiatives and proceedings, including arbitration proceedings, and judicial review of those initiatives and proceedings, pertaining to, among other matters, the terms of interconnection, access charges, univer service, and unbundled network element and resale rates; the extent, timing, success, and overall effects of competition from others in the local telephone and intraLATA toll service markets; the timing and profitability of our entry into the in-region long-distance market; our ability to combine former Bell Atlantic and GTE operations, satisfy regulatory conditions and obtain revenue enhancements and cost savings; the profitability of our entry into the broadband access market; the ability of Verizon Wireless to combine operations and obtain revenue enhancements and cost savings; our ability to convert our ownership interest in Genuity Inc. into a controlling interest consistent wit regulatory conditions, and Genuity's ensuing profitability; and changes in our accounting assumptions that may be required by regulatory agencies, including the SEC, or that result from changes in the accounting rules or their application, which could result in an impact on earnings.

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Facilities-Based	Change	Current Financial Situation
Provider	in Mkt.	Surrent I muneral Situation
	Cap.1	
AT&T	-35.55%	2001 1st Quarter loss of \$366 million; expects a significant
		decline in revenue from consumer long-distance customers (15%
		decrease for first-quarter 2001). ³
WorldCom Technologies	-69.47%	Laid off 6,300 employees (6-7% of workforce) in February 2001, ⁴
		361 in March 2001, ⁵ and 832 in April 2001; ⁶ expects 2001 capital
		expenditures to be lower than expected; says its depressed stock
		price prevents new acquisitions.8
RCN	-81.11%	1st Quarter 2001 Net losses widened from a year ago widened to
		\$257.9 million (\$2.95 per share) compared with a loss of \$153.6
	1 < 000 (10)	million (\$1.95 per share), in the same period 2000.9
Commonwealth	-16.28% ¹⁰	Net losses for 4 th Quarter and year 2000 of \$63.9 million and
Telephone Services		\$55.4 million; 11 cut about 300 jobs and selling operations in five
(CTSI)	01.4007	regional markets in December 2000. 12
Adelphia Business Solutions	-81.48%	1 st Quarter 2001 net loss applicable to common stockholders
Solutions		totaled \$103.0 million, or \$1.33 per share, compared with \$58.8
		million, or \$0.85 per share, for the same period in the 2000; ¹³ scaled back expansion plans and laid off 8% of staff in January
		2001. 14
Allegiance Telecom	-80.61%	Stock dropped approximately 90% from May 2000 to May 2001. 15
Broadview Networks	-47.06% ¹⁶	Net losses for 3 rd Quarter and first nine months of 2000 of
Diddwiew ivetworks	17.0070	\$441,202 and \$283,721, respectively, with lower sales as
		compared to 1999. ¹⁷
Cavalier Telephone		Called off planned merger with two other CLECs in August 2000
		due to decline in Nasdaq market. 18
ChoiceOne	-87.07%	Net losses of \$65.1 million and gross losses of \$217 million in
Communications		2000.19
Conectiv Communications	-4.50%	Acquired by Cavalier Telecommunications in June 2001. ²⁰
CoreComm	-99.10%	Eliminated 215 jobs in May 2001; ²¹ lost \$318 million in 2000,
		plans to reduce operations substantially and sell certain assets. ²²
Focal Communications	-93.78%	2001 1st Quarter loss of \$33.5 million; loss of \$105.9 million for
		year 2000. ²⁴
Intermedia		Acquired by WorldCom on July 1, 2001. ²⁵
Communications		
PaeTec Communications	1	Privately held company that began offering local service in April 1999. ²⁶
XO/Nextlink	-95.89%	Stock reached a new 52-week low on June 20, 2001; ²⁷ 1 st Quarter
		2001 loss of \$443.5 million (\$1.31 per share), cutting \$2 billion
		from planned capital expenditures over the next five years, halting
		European expansion, delaying some domestic expansions, and
		curtailing some costly services that had limited potential; ²⁸ lower
		expected revenue for 2 nd Quarter 2001, slowed expansions in
7 T.1 T. 1 1 1	01 515	Europe. ²⁹
Z-Tel Technologies	-91.71%	Expects to eliminate 650 jobs by September 2001, after

Comcast	-6.50%	eliminating 400 (20% of its workforce) in February 2001 and 65 in June 2001; ³⁰ expects to lose between \$10-13 million in 2 nd Quarter and possibly lose \$7 million in 3 rd Quarter, pushing yearly losses to \$34 million; ³¹ significantly slowing its acquisition of new subscribers and its expansion into new markets. ³² 2001 1 st Quarter net loss of \$290.6 million (30 cents per share). ³³
AT&T Broadband		1 st Quarter 2001 operating cash flow fell by 22% and cash-flow margins dropped to 16%; ³⁴ laid off 4,500 employees in 2001, ³⁵ including 1,200 in the 2 nd Quarter, ³⁶ 130 in July, ³⁷ 233 in June, ³⁸ and 309 in January. ³⁹
Adelphia	-20.94%	Net loss of \$115.9 million in 2000. ⁴⁰
Charter	-1.72%	2001 1 st Quarter loss of \$280.7 million ⁴¹ and 2000 4 th Quarter loss of \$241.1 million. ⁴²
GS Communications		Acquired by Adelphia in March 2001.43
Susquehanna Communications		Privately-held broadband cable network provider.44
Armstrong Cable		Independent operator of multiple cable system, with independent local telephone company service in Clinton and Duke Center. ⁴⁵
Blue Ridge		Cable provider "is planning to offer local and long distance
Communications		telephone service."46
Metro Cable		Alternative cable system. ⁴⁷
Service Electric Company		Affiliate company of privately-owned cable television company Service Electric Television. 48
Covad	-96.12%	Shut down and dissolved BlueStar Communications Group network operations and Nasdaq has contacted regarding possible delisting; bondholders are pressing management to halt spending, reported 2001 1st Quarter net loss of \$199 million, laid off 1,200 employees in recent months, and closed 350 local equipment hubs. 50
Rhythms NetConnections	-99.48%	Delisted by Nasdaq on May 30, 2001, ⁵¹ bondholders are pressing management to halt spending; ⁵² auditor has concluded that company may not have enough cash to continue operating through next year and laid of 450 employees in January 2001. ⁵³
Network Access Solutions (NAS)	-97.26%	Laid off 23% of its work force in November 2000 and 38% of the remaining employees in May 2001; ⁵⁴ lost \$25 million (48 cents per share) in 2001 1 st Quarter and \$55.1 million (\$1.15 per share) in 2000 4 th Quarter. ⁵⁵
DSL.net	-91.81%	Announced in July 2001 that it is eliminating 90 jobs and closing 250 operational central offices, and expects to record a loss of \$80 to \$90 million in 2001; ⁵⁶ 1 st Quarter 2001 net loss widened to \$26.6 million (42 cents per share), from \$18.3 million (33 cents per share) in 4 th Quarter 2000. ⁵⁷
Penn Telecom		Provides CLEC service in Allegheny and Butler counties since July 1998. ⁵⁸

- ¹ The figures in this column represent the percentage below the 52-week high for the respective publicly-traded stocks, as calculated by Morningstar.com on July 2 and 3, 2001.
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- http://www.hrplaza.com/talk/PDFs/Monitor_04_01.pdf.
- ⁶ See Tim Richardson, WorldCom to axe 800 UK jobs, THE REGISTER (May 2, 2001)
- http://www.theregister.co.uk/content/22/18578.html>.
- ⁷ See Peter Loftus, Network Firms Hurt by Continued Spending Cuts (April 10, 2001)
- http://news.morningstar.com/news/DJ/M04/D10/86916754998.html.
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- $\label{lem:com/news/symbolnews.asp} $$\begin{array}{ll} \begin{array}{l} \text{<htp://quote.fool.com/news/symbolnews.asp?symbols=WCOM\&currticker=WCOM\&format=decimal\&lpp=10\&dt from=1\%2F19\%2F2001+3\%3A13\%3A28+PM\&dtto=4\%2F19\%2F2001+3\%3A13\%3A28+PM\&sourcetype=1\&exc h=NYSE\%2CNASDAQ\%2CAMEX\%2CMF\%2CU\%2CUS\%2CUSMF\&cdnsortby=Date&sid=613836\&pos=57\&a ction=gs>. \end{array} $$$
- ⁹ See Reuters, RCN Corp. first-quarter loss widens (May 3, 2001)
- http://news.morningstar.com/news/PR/M05/D03/88908841702.html.
- ¹⁰ This is for parent Commonwealth Telephone Enterprises (CTCO).
- ¹¹ See Commonwealth Telephone: net losses, Lancaster New Era, February 24, 2001, available in 2001 WL 9283453.
- ¹² See Commonwealth to Lay Off 300, ALLENTOWN MORNING CALL, December 7, 2000, available in 2000 WL 29198288.
- ¹³ See PR Newswire, Adelphia Business Solutions, Inc. Announces First Quarter Results of Operations (May 14, 2001) http://news.morningstar.com/news/PR/M05/D14/89815438238.html>.
- ¹⁴ See David DeKok, No. 10 Technology firm prospers; Adelphia attracts more cable TV, telephone customers, The Sunday Patriot-News Harrisburg, June 24, 2001, available in 2001 WL 2702846.
- ¹⁵ See Vincent Ryan, thiswayout, Telephony, June 4, 2001, available in 2001 WL 6908443; Ted Hearn, CLEC Surge Could be Last Hurrah, MULTICHANNEL NEWS, May 28, 2001, available in 2001 WL 8715755.
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- ¹⁷ See Business Briefs, STAR-TRIBUNE, March 21, 2001, available in 2001 WL 9618389.
- ¹⁸ See Cavalier's Merger with Companies Called Off, RICHMOND TIMES-DISPATCH, August 29, 2000, available in 2000 WL 5046197.
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